

Message Text

LIMITED OFFICIAL USE

PAGE 01 ISLAMA 00604 171206Z

50

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 AID-20 TRSE-00 EB-11 L-03

SS-20 NSC-10 SPC-03 OMB-01 DRC-01 RSC-01 /118 W

----- 130457

R 171126Z JAN 74

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 2924

INFO USINT CAIRO

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY KATHMANDU

AMEMBASSY NEW DELHI

AMEMBASSY TUNIS

AMEMBASSY WARSAW

LIMITED OFFICIAL USE ISLAMABAD 604

E.O. 11652: N/A

TAGS: EFIN, PK

SUBJECT: INDIAN RUPEE SETTLEMENT

REF: (A) STATE 006835

(B) AIDAC 009000 (NOTAL)

1. AS DEPARTMENT IS AWARE FROM APPROACH OF GOP ECONOMIC MINISTER (REF B) GOP HAS COPY OF PROPOSED US-INDIAN RUPEE SETTLEMENT AND IS ALREADY CONTEMPLATING REQUESTING AN AGREEMENT FOR A SUBSTANTIAL REDUCTION OF US RUPEES HOLDINGS IN PAKISTAN.

2. AT PRESENT, EXCESS RUPEE PROBLEM IS LARGELY OVERSHADOWED BY GOP'S INTEREST IN LONG TERM DEBT RESCHEDULING. GOP IS EAGERLY AWAITING IBRD REPORT ON THIS SUBJECT DUE TO BE RELEASED WITHIN NEXT FEW WEEKS.

3. ONCE QUESTION OF LONG TERM DEBT RESCHEDULING IS RESOLVED, WE CAN ANTICIPATE CONSIDERABLE GOP INTEREST

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ISLAMA 00604 171206Z

IN AN AGREEMENT TO REDUCE US-PAK RUPEE HOLDINGS BECAUSE

(1) PRESENT US HOLDINGS AND SUMS WHICH WILL BECOME DUE ARE SUBSTANTIAL PORTION MONEY SUPPLY, (2) RATE OF ACCUMULATION EXCEEDS U.S. ANNUAL RUPEE EXPENDITURES, AND (3) PERHAPS MOST IMPORTANT, GOP WILL BE UNDER CONSIDERABLE POLITICAL PRESSURE TO CONCLUDE FAVORABLE SOLUTION OF THIS PROBLEM ONCE FINAL INDIAN SETTLEMENT (APPROVED BY CONGRESS) IS ANNOUNCED.

4. GOP HAS TRADITIONALLY WATCHED CLOSELY ANY STEPS TAKEN BY GOI AND IN MANY CASES HAS FOLLOWED, I.E., LIFE INSURANCE AND DOMESTIC BANK NATIONALIZATION. ALSO, GOP HAS GENERALLY EXHIBITED SPECIAL SENSITIVITY TO ANY FAVORITISM, REAL OR IMAGINED, SHOWN BY USG TOWARD INDIA. BYROADE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, RUPEE, NEGOTIATIONS, FOREIGN EXCHANGE HOLDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ISLAMA00604
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740136/aaaabhgd.tel
Line Count: 75
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 006835
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2002 by boyleja>; APPROVED <29 MAY 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDIAN RUPEE SETTLEMENT
TAGS: EFIN, PK, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005